



WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

AMENDMENT AUTHORIZATION FORM

DATE: 11/01/2021	PREPARED BY: Steve Sabatke PROJECT LEAD: James Rosenberg			AMENDMENT #: 1
CONTRACT NUMBER: #IRB CY20-52293			LOAN NUMBER: NA	
APPLICANT: Town of Gillett			BENEFICIARY: WI RNG Hub North LLC	
DECISION DATE: 12/16/2020	CONTRACT DATE: 12/16/2020	PROJECT END DATE: 12/31/2021	APPLICATION ACCEPTED DATE (FROM SF): 09/01/2020	AWARD TYPE: IRB Volume Cap Allocation

PROJECT DESCRIPTION:

WEDC awarded \$35,000,000 in 2020 volume cap allocation to the Town of Gillett on 12/16/2020 for industrial revenue bond financing for WI RNG Hub North LLC for an anaerobic digester project in the Town of Gillett and the Town of Green Bay.

WI RNG Hub North LLC sought a total of \$35 million in volume cap for IRB financing for a multijurisdictional project consisting of the following:

- The design, development, construction and operation of an anaerobic digester to be located at 11620 County Road H on 7.5 acres of land in the Town of Gillett owned by Zahn's Farms, LLC and leased to the Borrower for the production of renewable natural gas.
- The acquisition and installation of an anaerobic digester and related equipment at 6613 Mueller Hill Road in the Town of Gillett, and at Dairyland Farm LLC located at 5420 Gauthier Rd., New Franken in the Town of Green Bay

The design concept of the project and others to follow, is a "hub and spoke" plan. The Zahn farm is designated the "hub" where methane gas captured from manure digesters is "scrubbed" and converted to natural gas. The concept contemplates that other dairies within a 60-mile radius of the hub could also participate – each as a "spoke"

The budget for the project was as follows:

Budget Code	Eligible Project Costs	SOURCES				TOTAL
		IRB	Equity (Owner)	Equity (Investor)	Grant	
0110	Land Costs	\$1,200,000	\$0	\$0	\$0	\$1,200,000
0240	Equipment	\$33,800,000	\$2,193,129	\$5,759,871	\$500,000	\$42,253,000
0470	Working Capital	\$0	\$3,419,638	\$0	\$0	\$3,419,638
0310	Miscellaneous	\$0	\$1,013,233	\$2,969,896	\$0	\$3,983,129
Total		\$35,000,000	\$6,626,000	\$8,729,767	\$500,000	\$50,855,767

The allocation was carried forward into 2021 because the project involves an exempt solid waste disposal facility pursuant to Sections 141 and 142 of the Internal Revenue Code. The allocation has been reserved until 12/31/2021.

WI RNG Hub North LLC is a Delaware-based limited liability company that was established in December 2019. WI RNG Hub North LLC is headquartered in New Orleans, LA. The company registered with the Wisconsin Department of Financial Institutions as a foreign LLC on 08/05/2020.

WI RNG Hub North LLC – Schedule of Ownership	
Name	Percentage
Progressive Energy Co. LLC	100%
Total	100.00%

Progressive Energy Co. LLC – Schedule of Ownership	
Name	Percentage
Nick Cioll	36.5%
Bernard Hoffman	20.0%
Steven Spensley	20.0%
Stephen Dvorak	20.0%
All others	3.5%
Total	100.00%

The follow-up performance report for the project is due by 12/31/2022. Background checks on the company and owners with 20% or more ownership interest showed no issues of concern.

SECTION I – PERFORMANCE SUMMARY

VOLUME CAP ALLOCATION		
Award Amount	\$35,000,000	
Less Funds Disbursed/Tax Credits Verified to Date	\$0	
Volume Cap Balance as of: 11/01/2021	\$35,000,000	
If funds/tax credits have not been completely disbursed/verified, contracted end date:		
☐ Contracted end date has passed. Recommend extension to:		
PERFORMANCE REPORTING		
Date of Last Report Received	Report is due by 12/31/2022	
Is reporting in good standing?	Yes	
If reports are past due, are you requesting the approval of a waiver? Please explain your recommendation:		
PERFORMANCE OUTCOMES (list all required by contract)	Expected	Actual
Utilize volume cap allocation for IRB issue by 12/31/2021		Ongoing
If Performance Criteria is "Other", please address performance below:		

SECTION II – LOAN SUMMARY (if applicable)

LOAN STATUS:		
☐ Loan is/will be in repayment status.		
☐ Loan is being prepaid.		
☐ Loan is being converted to a grant (new contract):	☐ in whole	☐ in part
☐ Loan is recommended for forgiveness:	☐ in whole	☐ in part
☐ Loan is recommended for write-off, as of (date):	Principal:	Accrued Interest:

_____	_____	_____
☐ Collateral needs to be released (as indicated below).		
☐ UCC	☐ Mortgage	☐ Guarantee(s) ☐ Other: _____

SECTION III – RECOMMENDED AMENDMENT (include a description of the specific amendment, why the amendment was requested, and the reasons for the underwriter’s recommendation)

The Town of Gillett and WI RNG Hub North LLC are seeking additional volume cap for a revised budget for the project.

According to bond counsel, additional volume cap allocation is needed for the first tranche of bonds which now will only include project costs located at the “Hub” dairy, the Zahn farm in the Town of Gillett. The Dairyland “spoke”, located in the Town of Green Bay, and potentially another spoke dairy located within the 60-mile radius of the Hub, will be financed in a second tranche expected to be issued in the Spring of 2022.

Due to delays and supply chain issues, the costs of the project have increased according to bond counsel; and as a result, the original volume cap allocation of \$35,000,000 is no longer sufficient to finance the eligible costs. The Town of Gillett and WI RNG Hub North LLC are requesting an additional allocation of \$8,000,000 for total of \$43,000,000 in volume cap.

The revised budget is as follows:

Budget Code	Eligible Project Costs	SOURCES		TOTAL
		IRB	Equity	
0110	Land Costs	\$695,000	\$0	\$695,000
0200	Building	\$5,531,000	\$0	\$5,531,000
0240	Equipment	\$28,758,641	\$0	\$28,758,641
0310	Miscellaneous	\$8,015,359	\$14,729,458	\$22,744,817
Total		\$43,000,000	\$14,729,458	\$57,729,458

Bond counsel states that the project plan calls for the preliminary offering memorandum for the bond issue to be placed into the market in November, and for the bonds to be issued by the end of the year. WI RNG Hub North LLC is working with Baird on the bond issue.

As of 11/02/2021, there was a total of \$310,556,025 in volume cap remaining to be allocated for projects. Approval of this amendment will result in an available balance of \$302,556,025.

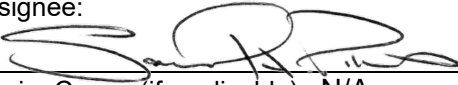
PREVIOUS DEPARTMENT OF COMMERCE/WEDC AWARDS:

Progressive Energy Co LLC, which owns 100% of WI RNG Hub North LLC, was awarded \$3,000,000 in QNBV investor tax credits on 02/17/2021.

Recommendation

Staff recommends the following for: #IRB CY20-52293:

- 1) Approval of the allocation of up to \$8,000,000 of WEDC 2021 volume cap to the Town of Gillett as the issuer on behalf of WI RNG Hub North LLC for industrial revenue bond financing for the exempt facility anaerobic digester project in the Town of Gillett. The allocation is to be reserved for the project until 12/31/2021.

Underwriter: Steve Sabatke	Date: 11/02/2021
Reviewed by Division Vice President: 	Date: 11/10/21
Approved by Senior Vice President, Credit & Risk: 	Date: 11/10/21
Approved by CEO or Designee: 	Date: 11/10/21
Approved by Awards Admin. Comm (if applicable): N/A	Date:
Approved by WEDC Board (if applicable): N/A	Date: